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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

Terry Allen-Rouman, et al.

Application No.: 09/991,497

Filed: November 15, 2001

For: ONLINE FUNDS TRANSFER
METHOD

Confirmation No. 4579

Examiner: Siegfried E. Chencinski

Technology Center/Art Unit: 3695

APPELLANTS' BRIEF UNDER
37 CFR §41.37

Mail Stop Appeal Brief
Commissioner for Patents
P.O. Box 1450
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Commissioner:

Further to the Notice of Appeal mailed on August 25, 2010 for the above-referenced application, Appellants submit this Brief on Appeal.

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1. REAL PARTY IN INTEREST

The real parties in interest in U.S. Application No. 09/991,497 are First Data Corporation and The Western Union Company.

2. RELATED APPEALS AND INTERFERENCES

There are no other pending appeals by Appellant or interferences in which Appellant is involved, the outcome of which would directly affect the decision by the Board of Patent Appeals and Interferences in this pending appeal.

3. STATUS OF CLAIMS

Claims 1-10, 12-18, and 20-22 are currently under examination. In the Final Office Action mailed March 2, 2010, the Examiner rejected claims 1-10, 12-18, and 20-22 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,557,518 to Rosen (hereinafter “Rosen”) in view of U.S. Patent No. 5,920,847 to Kolling et al. (hereinafter “Kolling”) and Applicant Admitted Prior Art (hereinafter “AAPA”). **This rejection, as it relates to independent claims 1, 12, and 20, is the subject of the appeal.**

4. STATUS OF AMENDMENTS

No claim amendments were made subsequent to the Office Action of March 2, 2010.

5. SUMMARY OF CLAIMED SUBJECT MATTER

In the following summary, the Appellants have provided exemplary references to sections of the specification and drawings supporting the subject matter defined in the claims as required by 37 C.F.R. § 41.37. The specification and drawings also include additional support for other exemplary embodiments encompassed by the claimed subject matter. Thus, it should be appreciated that the references are intended to be illustrative in nature only.

Independent claim 1 is directed to a method for transferring funds in an online transaction between a first party and a second party (pg. 5, lines 15-16). The method includes

receiving payment information from the first party (pg. 14, lines 19-26). The payment information may include a payee identification (pg. 14, lines 28-29). The method may also include determining a first account associated with the first party (pg. 15, line 6). The method may further include determining a second account associated with the second party (pg. 15, line 6). At least one of the first account and the second account may be a bank account (pg. 5, lines 15-18). The method additionally includes providing a third account, the third account not associated with either the first party or the second party (pg. 16, lines 26-28; Fig. 6, element 660). The third account may be a stored value account that holds stored value funds (pg. 16 lines 28-31). The third account may receive credits from the first account and debits from the second account (pg. 17, lines 5-8). The method may additionally include initiating a first transfer from the first account to the third account (pg. 17, lines 10-11).

The method may additionally include receiving payee information from the second party, the payee information including the payee identification (pg. 17, lines 8-9). The method may additionally include checking the payee identification received from the second party with the payment information (pg. 16, lines 5-11). If the payee identification received from the second party is the same as the payment information, the method may additionally include initiating a second transfer from the third account to the second account (pg. 16, lines 18-23), wherein initiating the second transfer occurs before the first transfer has cleared (pg. 17, lines 7-14). If the payee identification received from the second party is not the same as the payment information, the method may additionally include denying the second transfer from the third account to the second account (pg. 13, lines 9-13).

Independent claim 12 is directed to a method for transferring funds in an online transaction between a first party and a second party (pg. 5, lines 15-16). The method may include receiving payment information from the first party (pg. 14, lines 19-26). The method may also include determining a first account associated with the first party (pg. 15, line 6). The method may further include determining a second account associated with the second party (pg. 15, line 6). The method additionally includes providing a third account, the third account not associated with either the first party or the second party (pg. 16, lines 26-28; Fig. 6, element 660). The third account may be a stored value account that holds stored value funds (pg. 16 lines

28-31). The third account may receive credits from the first account and debits from the second account (pg. 17, lines 5-8). The method may additionally include initiating a first transfer from the first account to the third account (pg. 17, lines 10-11). Initiating the first transfer may include sending transfer information to the automated clearinghouse (ACH) network (pg. 16, lines 25-26; pg. 14, lines 5-6). The method may additionally include receiving notification, from the third account, that the first transfer has cleared (pg. 5, lines 19-23; pg. 15, lines 30-34). The method may additionally include initiating, substantially simultaneously with the first transfer, a second transfer from the third account to the second account, wherein initiating the second transfer occurs before the first transfer has cleared, and wherein the second transfer creates a reverse float (pg. 24, lines 25-31; pg. 5, lines 20-23).

Claim 20 is directed to a method for transferring funds in an online transaction between a first party and a second party (pg. 5, lines 15-16). The method may include storing information on a plurality of accounts associated with the first party (pg. 8, lines 21-24). The method may also include receiving payment information from the first party, the payment information including a payee identification (pg. 14, lines 19-29). The method may further include receiving selection of a first account from the plurality of accounts (pg. 8, line 21-24). The method may additionally include determining a second account associated with the second party (pg. 15, line 6). The method additionally includes providing a third account, the third account not associated with either the first party or the second party (pg. 16, lines 26-28; Fig. 6, element 660). The third account may be a stored value account that holds stored value funds (pg. 16 lines 28-31). The third account may receive credits from the first account and debits from the second account (pg. 17, lines 5-8). The method may additionally include initiating a first transfer from the first account to the third account (pg. 17, lines 10-11). Initiating the first transfer may include sending transfer information to the automated clearinghouse (ACH) network (pg. 16, lines 25-26; pg. 14, lines 5-6).

The method may additionally include receiving notification, from the third account, that the first transfer has cleared (pg. 5, lines 19-23; pg. 15, lines 30-34). The method may additionally include receiving payee information from the second party, the payee information including the payee identification (pg. 17, lines 8-9). The method may additionally

include checking the payee identification received from the second party with the payment information (pg. 16, lines 5-11). If the payee identification received from the second party is the same as the payment information, the method may additionally include initiating a second transfer from the third account to the second account (pg. 16, lines 18-23), wherein initiating the second transfer occurs before the first transfer has cleared (pg. 17, lines 7-14), and wherein the first transfer comprises sending transfer information to the automated clearinghouse (ACH) network (pg. 16, lines 25-26; pg. 14, lines 5-6). If the payee identification received from the second party is not the same as the payment information, the method may additionally include denying the second transfer from the third account to the second account (pg. 13, lines 9-13). The first amount of the first transfer may be larger than a second amount of the second transfer (pg. 24, lines 20-22). In addition, the information on the plurality of accounts may not be accessible to the second party (pg. 5, lines 6-7; pg. 9, lines 1-6).

6. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Issue 1: Whether claims 1, 12, and 20 are unpatentable under 35 U.S.C. § 103(a) over Rosen in view of Kolling and AAPA.

7. ARGUMENT

Rejection under 35 U.S.C. § 103(a) over Rosen in view of Kolling and AAPA

Independent claims 1, 12, and 20 contain similar recitations. Therefore, Appellant's remarks will be directed to claim 1 although the remarks apply equally to claims 12 and 20. In addition, no additional arguments were provided in the Advisory Action mailed on July 29, 2010. Therefore, Appellant's remarks will be directed to the arguments made in the Final Office Action mailed March 2, 2010 (hereinafter "Office Action").

Claim 1

Claim 1 recites:

A method for transferring funds in an online transaction between a first party and a second party, the method comprising steps of:
receiving payment information from the first party, the payment information including a payee identification;

determining a first account associated with the first party;
determining a second account associated with the second party, wherein at least one of the first account and the second account is a bank account;
providing a third account, ***the third account not associated with either the first party or the second party***, wherein the third account is a stored value account, the third account receiving credits from the first account and debits from the second account, wherein the store value account holds stored value funds;
initiating a first transfer from the first account to the third account;
receiving payee information from the second party, the payee information including the payee identification;
checking the payee identification received from the second party with the payment information;
if the payee identification received from the second party is the same as the payment information, ***initiating a second transfer from the third account to the second account***, wherein initiating the second transfer ***occurs before the first transfer has cleared***; and
if the payee identification received from the second party is not the same as the payment information, denying the second transfer from the third account to the second account. (emphasis added).

Specifically, none of the cited references teach or suggest “***initiating a second transfer from the third account to the second account***, [where] initiating the second transfer ***occurs before the first transfer has cleared***” and where “***the third account [is] not associated with either the first party or the second party***[.]” In more simple terms, claim 1 describes a reverse float provided by a funds transfer system. The reverse float occurs when the funds transfer system (the claimed third account) transfers funds (the claimed second transfer) to a merchant’s account (the claimed second account) before a transfer from a buyer’s account (the claims first transfer) has cleared. On page 3 of the Office Action, it is conceded that “Rosen does not explicitly disclose ... initiating a second transfer from the third account to the second account, wherein initiating the second transfer occurs before ***receiving notification that*** the first transfer has cleared.” (emphasis added). Appellant notes that the recitation of “receiving notification that” found in the Office Action refers to claim language that was actually deleted in response to a non-final Office Action mailed on September 24, 2008. Despite the fact that the Office Action refers to old claim language, the above quotation from the Office Action is in fact a concession that Rosen does not teach the reverse float described in claim 1.

To further clarify that Rosen does not teach the reverse float, it is noted that on page 9 of the Office Action, it is also conceded that “Rosen does not explicitly disclose ...

wherein initiating the second transfer occurs before the first transfer has cleared, and wherein the second transfer creates a reverse float.” Instead, in an effort to demonstrate this recitation, the Office Action relies on Kolling and AAPA. As described in more detail below, however, neither of those references teach or suggest that “initiating the second transfer *occurs before the first transfer has cleared*” where “*the third account [is] not associated with either the first party or the second party[.]*”

Kolling Reference

Kolling is directed to “a bill pay system [that] allows a consumer or business to direct their bank, an agent of their bank, or a non-bank bill pay service bureau, to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed, and allows a consumer or business to receive electronic invoices.”¹ However, Kolling does not teach or suggest “initiating a second transfer from the third account to the second account, wherein initiating the second transfer occurs *before the first transfer has cleared[.]*” With regard to this recitation, the Office Action cites col. 2, lines 26-29 of Kolling which states in total: “[i]n other cases, the payment is an electronic transfer where the consumer’s account information is included with the transfer or provided in a list of payments from multiple consumers provided by the service bureau to the biller.”² Nothing in this portion of Kolling teaches or suggest, alone or in combination with Rosen, “initiating the second transfer occurs *before the first transfer has cleared[.]*”

The Office Action also cites to col. 12, lines 10-14 and 20-23³, which states “Bank C does not submit the transaction until funds are good or Bank C is willing to take the risk of loss if funds are not good⁴.... In an alternate embodiment, payment reversal messages are allowed to follow a payment message if sent within some period after the payment message, in

¹ Kolling, col. 1, lines 15-20.

² Id., at col. 2, lines 26-29.

³ Col. 12, lines 10-14 & 20-23 were cited by the Office Action in relation to claim 12, but were cited to reject recitations similar to those being discussed in claim 1. Therefore, Appellant is addressing those portions of Kolling in the discussion of claim 1.

⁴ Kolling, at col. 12, lines 10-12.

which case Bank C might send payment messages without first securing funds.⁵” The Office Action alleges that “[this] scenario creates a reverse float, [s]ince the bank is transmitting funds forward without having first secured the funds from the consumer on whose behalf the funds are being forwarded.”⁶ Kolling provides, however, that Bank C is the customers/payers bank. For example, col. 14, lines 44-47 provides that “[b]ill pay system 100 includes as participants *consumer C (12)*, biller B (14), *consumer’s Bank C (16)*, biller’s bank B (18), possibly other participants serving banks, consumers or billers, and a payment network 102.”⁷ Similarly, col. 15, lines 31-33 provide “[p]resumably, *consumer C has chosen a bank, Bank C*, which provides C with C’s preferred method of bill pay order 122 entry at an agreeable price...”⁸ and col. 26, lines 41-45 provide “[a]lthough the funds are normally taken from C’s account, by agreement, Bank C might also obtain the funds from a savings account, line of credit, credit card account, or other financial instrument *of the consumer [] at Bank C[]*”⁹ Reference to Bank C in Kolling is clearly referring to a financial institution associated with the customer.

In contrast to Kolling, Claim 1 requires that “the third account [is] *not associated with either the first party or the second party[]*” In other words, claim 1 requires that the third account (the fund transfer system’s account) not be associated with the first party (the buyer) or the second party (the merchant) that is involved in the online transaction. Since Bank C is the consumer’s bank and the consumer is involved in an online transaction with a biller (biller B), Bank C cannot be considered “the third account not associated with either the first party or the second party” as required by claim 1. Rather, Bank C at best equates to the recited first account associated with the first party (i.e., the consumer’s account). Because the reference to Bank C cannot be considered the third account, Kolling does not teach or suggest “initiating a second transfer *from the third account to the second account*, [where] initiating the second transfer *occurs before the first transfer has cleared*” and where “*the third account [is] not associated with either the first party or the second party[]*” As such, Appellant submits that claim 1, along

⁵ *Id.*, at col. 12, lines 20-23

⁶ *Office Action*, pg 10, lines 5-7.

⁷ *Kolling*, col. 14, lines 44-47 (emphasis added).

⁸ *Id.*, at col. 15, lines 31-33 (emphasis added).

⁹ *Id.*, at col. 26, lines 41-45 (emphasis added).

with claims 12 and 20 which contain similar recitations, is allowable over Rosen in view of Kolling.

Applicant Admitted Prior Art (AAPA)

The Office Action also cites and relies on previously taken Official Notice (AAPA) of:

- a) the sending and receiving of credits and debits electronically between accounts;
- b) that the first party on whose behalf the bill payer/third party is transferring funds to the second part rarely if ever receives confirmation information before the bill pay service transmits the funds to the biller and the funds clear, which clear the same day or within a few days in the case of checks. The first party (payer) usually receives such confirmations in a monthly statement from his bank and from his bill payment service.¹⁰

Even if taken, however, such Official Notice does not address the recitations of the pending claims. That is, the claims ***do not recite*** making a transfer to the payee before a statement or receipt of the transaction is sent to the payor as the statement of Official Notice describes. Rather, the claims recite “initiating a second transfer from the third account to the second account, wherein initiating the second transfer occurs ***before the first transfer has cleared***[.]” In other words, the intermediary between the payee and payor (i.e., the transfer service) is assuming a risk by initiating a second part of a payment (i.e., the second transfer) before a first part of that payment (i.e., the first transfer) is cleared. The statement of Official Notice here is directed to something completely different and, even if taken, does not address the contested claim recitations. Specifically, the Official Notice here describes the payor receiving a statement (i.e., confirmation information) that indicates a payment sometime after the payment has been made.

The Official Notice ***does not require*** that a second part of a payment (i.e., the second transfer) ***be initiated before*** a first part of the payment (i.e., the first transfer) has cleared. For example, according the Official Notice, the first part of the payment (i.e., the first transfer) may clear ***and then*** the second part of the payment may be made (i.e., the second transfer) ***and***

¹⁰ *Office Action*, pg 5, lines 3-9.

then the payor may receive a statement that indicates the first part of the payment has been made and/or cleared. In such an example, *the first part of the payment may clear before initiation of the second part of the payment* and still fit within the description of the Official Notice; put another way, *a first transfer may clear before initiation of a second transfer* and the transaction would still fit within the description of the Official Notice. In contrast, the claims describe that the second part of the payment *is made before* the first part is cleared. Therefore, the Official Notice does not teach or suggest, alone or in combination with Rosen and/or Kolling, “initiating a second transfer from the third account to the second account, wherein initiating the second transfer occurs *before the first transfer has cleared*[.]” As such, Appellant submits that claim 1, along with claims 12 and 20 which contain similar recitations, is allowable over these references.

8. CONCLUSION

For these reasons, it is respectfully submitted that the rejection should be reversed.

Respectfully submitted,

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9. CLAIMS APPENDIX

1. (Previously Presented) A method for transferring funds in an online transaction between a first party and a second party, the method comprising steps of:
 - receiving payment information from the first party, the payment information including a payee identification;
 - determining a first account associated with the first party;
 - determining a second account associated with the second party, wherein at least one of the first account and the second account is a bank account;
 - providing a third account, the third account not associated with either the first party or the second party, wherein the third account is a stored value account, the third account receiving credits from the first account and debits from the second account, wherein the store value account holds stored value funds;
 - initiating a first transfer from the first account to the third account;
 - receiving payee information from the second party, the payee information including the payee identification;
 - checking the payee identification received from the second party with the payment information;
 - if the payee identification received from the second party is the same as the payment information, initiating a second transfer from the third account to the second account, wherein initiating the second transfer occurs before the first transfer has cleared; and
 - if the payee identification received from the second party is not the same as the payment information, denying the second transfer from the third account to the second account.
2. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 1, wherein the first-listed and second-listed initiating steps occur as part of the same session with the automated clearinghouse (ACH) network.

3. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 1, wherein at least one of the first initiating step and the second initiating step comprise a step of sending transfer information to the ACH network.

4. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 1, wherein both the first account and the second account are bank accounts.

5. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 1, further comprising steps of:
storing information on a plurality of accounts associated with the first party; and
receiving selection of the first account from the plurality of accounts.

6. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 4, further comprising steps of:
determining types of accounts acceptable to the second party as funds sources;
culling the plurality of accounts to present only account types acceptable to the second party; and
presenting the culled plurality of accounts to the first party.

7. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 1, wherein a first amount of the first transfer is larger than a second amount of the second transfer.

8. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 1, wherein first account information for the first account is not accessible to the second party.

9. (Previously Presented) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 1, deducting a service fee from a first amount of the first transfer to determine a second amount of the second transfer.

10. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 1, wherein the second-listed initiating step is automatically performed.

11. (Canceled)

12. (Previously Presented) A method for transferring funds in an online transaction between a first party and a second party, the method comprising steps of:
receiving payment information from the first party, the payment information;
determining a first account associated with the first party;
determining a second account associated with the second party;
providing a third account, the third account not associated with the either first party or the second party, wherein the third account is a stored value account, the third account receiving credits from the first account and debits from the second account, wherein the store value account holds stored value funds;
initiating a first transfer from the first account to the third account, wherein initiating the first transfer comprises sending transfer information to the automated clearinghouse (ACH) network;
receiving notification, from the third account, that the first transfer has cleared;
and
initiating, substantially simultaneously with the first transfer, a second transfer from the third account to the second account, wherein initiating the second transfer occurs before the first transfer has cleared, and wherein the second transfer creates a reverse float.

13. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 12, wherein at least one of the first account and the second account is a bank account.

14. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 12, wherein both the first account and the second account are bank accounts.

15. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 12, wherein the first-listed and second-listed initiating steps occur substantially simultaneously.

16. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 12, further comprising steps of:
storing information on a plurality of accounts associated with the first party; and
receiving selection of the first account from the plurality of accounts.

17. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 16, further comprising steps of:
determining types of accounts acceptable to the second party as funds sources;
culling the plurality of accounts to present only account types acceptable to the second party; and
presenting the culled plurality of accounts to the first party.

18. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 12, wherein a first amount of the first transfer is larger than a second amount of the second transfer.

19. (Canceled)

20. (Previously Presented) A method for transferring funds in an online transaction between a first party and a second party, the method comprising steps of:

storing information on a plurality of accounts associated with the first party;
receiving payment information from the first party, the payment information including a payee identification;
receiving selection of a first account from the plurality of accounts;
determining a second account associated with the second party;
providing a third account, the third account not associated with either the first party or the second party, wherein the third account is a stored value account, the third account receiving credits from the first account and debits from the second account, wherein the store value account holds stored value funds;
initiating a first transfer from the first account to the third account, wherein initiating the first transfer comprises sending transfer information to the automated clearinghouse (ACH) network;
receiving notification, from the third account, that the first transfer has cleared;
and
receiving payee information from the second party, the payee information including the payee identification;
checking the payee identification received from the second party with the payment information; and
if the payee identification received from the second party is the same as the payment information, initiating a second transfer from the third account to the second account, wherein initiating the second transfer occurs before the first transfer has cleared, wherein initiating the first transfer comprises sending transfer information to the automated clearinghouse (ACH) network;
if the payee identification received from the second party is not the same as the payment information, denying the second transfer from the third account to the second account;
wherein, a first amount of the first transfer is larger than a second amount of the second transfer; and
wherein, the information on the plurality of accounts is not accessible to the second party.

21. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 20, further comprising steps of:
determining types of accounts acceptable to the second party as funds sources;
culling the plurality of accounts to present only account types acceptable by the second party; and

presenting the culled plurality of accounts to the first party.

22. (Original) The method for transferring funds in the online transaction between the first party and the second party as recited in claim 20, wherein authorization by the first party triggers automatic performance of the two initiating steps and the second-listed receiving step.

10. EVIDENCE APPENDIX

No additional evidence is provided.

11. RELATED PROCEEDINGS APPENDIX

No additional proceedings are in process.